

**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chair, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** NOV 25 2008

**SUBJECT:** Fiscal Impact Statement: "Close Up Foundation Sales Tax Exemption Act of 2008"

**REFERENCE:** Bill Number 17-809, Committee Print<sup>1</sup>

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**Conclusion**

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. No additional resources would be required to provide the proposed sales tax exemption for the Close Up Foundation as specified in the legislation.

**Background**

The proposed legislation would amend D.C. Official Code § 47-2005 to exempt from all District sales taxes "sales to an educational, semipublic institution doing business in the District of Columbia that possessed a District of Columbia Sales Tax Exemption Certificate prior to June 27, 2008; and that provides an American government and civics education program for middle and high school students and their teachers." The definition of the exempt organization is written such that the exemption would only apply to the Close Up Foundation ("Close Up").

Close Up arranges for high school and middle school students and their teachers to meet with members of Congress (or staff), discuss current issues with policy experts and dialogue with journalists about how the media shapes policy. During participant visits to the District, Close Up

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<sup>1</sup> Committee Print dated November 17, 2008. Received in ORA on November 20, 2008.

provides lodging, meals, transportation, and meeting spaces in the District of Columbia for the participants. Close Up receives fees from the participants in exchange for these services.

Close Up has, beginning in 1975, operated under a certificate of exemption (based on its location in the District at that time) from District sales taxes on the lodging, meals, and other services provided to program participants. However, the Office of Tax and Revenue is reviewing this exemption and may conclude that it is not valid, because Close Up moved its offices outside of the District after the certificate was issued. The proposed legislation would thus codify the existing certificate of exemption from all District sales taxes.

### **Financial Plan Impact**

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. Inasmuch as the District has not been collecting sales taxes from Close Up, granting an exemption by means of this legislation would have no effect on the District's revenues. The legislation would set an expiration date for the proposed exemption of December 31, 2012.